Insulation sagging

(Continued from page 19)

points of $8.56 for ½-in. boards, $9.29 for the ⅝-in. and $10.67 per ¾-in. board.

"This is a resort area and Thermax is used quite a bit in the building of summer homes," said buyer Mike Watts. "Folks down here continue to be quite energy conscious," he added.

Tom Hughes, president of nine-store Hughes Lumber, Tulsa, Okla., isn't surprised by the declining margins. "Whenever you have a commodity product such as insulation being produced in large quantities the result is relatively low margins," he said.

Sales of insulation are "off somewhat from last year, which was a very bad year," according to Wolohan Lumber insulation buyer Rick Thurston.

Increased competition has resulted in the cutting of margins by the 35-unit Saginaw, Mich.-based chain. "Retailers are all sharpening their pencils right now. There are so many DIY centers to choose from that you had better be down there in price," he said. "Consumers aren't concerned with brand name, just price," Thurston claimed.

Thurston said that suppliers have been pricing their insulation "more competitively" to allow the home centers to better compete. "Our distributors are working with us very well," he said.

One insulation product Wolohan won't carry is vermiculite.

Not all retailers are experiencing sales declines of insulating products. In Knoxville, Tenn., Bob Witt, president of three-unit Witt Building Materials described his sales as "improving" and attributes that to a growing awareness of energy conservation inspired by a recent large rate increase by the Tennessee Valley Authority.

Although Witt's overall business is 75% contractor, his insulation sales are equally divided between DIY and contractor customers. "There is a great deal of DIY reinsulation of attics with unfaced rolls to build up the R-values," Witt said, adding that he has been selling a "good bit" of Johns-Manville R-30 rolls for overhead use, a heavier than usual value for warm Tennessee.

Witt said that his margins "have not been significantly affected. We're not as competitive in insulation as we are with my basic building components," he said. Each Witt store carries $12,000-$15,000 in insulation inventory. Witt plans to expand into supplemental insulating products next fall.

Sales have also increased at the 23 Lloyd Lumber stores in Connecticut and New York, according to buyer Jim Hennebry. Lloyd carries Owens-Corning and Certainteed blanket-type as well as Dacotherm, a Texas-manufactured cellulose product. Hennebry said Lloyd will begin carrying vermiculite this fall. "It won't be a big item for us, but I like their national advertising and I feel it's a very useful product."

There is quite a bit of co-op advertising taking place, particularly coming from the major manufacturers of blanket fiberglass insulation, such as Owens Corning, Johns-Manville and Certainteed.

Most Owens Corning co-op revolves around the Pink Panther character. At Lloyd Lumber, he makes infrequent store appearances and his visage can be found at most home centers stocking Owens-Corning products.

Williams Brothers has been involved in a sales promotion presenting buyers of 10 or more Owens-Corning rolls with free 6-pack coolers bearing the O-C logo.

One store promotion which won't be repeated was a drawing in which the winner had his January heating bill paid for by the chain. "The state said it was an illegal lottery so we dropped it," said Stansberry.

At Herr Lumber, stores tie in with Certainteed's "Buck A Bundle" promotion and tag on to the manufacturer's institutional advertising.

Dealers up ad campaigns

(Continued from page 19)

His was among the more fortunate home centers last fall with energy sales up approximately 20%.

Handyman's advertising cements the cross-merchandising aims of an energy department without the need for a physical department in the store. Whitesell explains, "We feature a full page of energy related items in our tabloid—weather stripping, kerosene heaters, thermostats and accessories, and insulation—twice a month from September to December."

The best kind of advertising as far as retailers are concerned is free, and John Kay, president of Energy Works, Durham, N.C., has the jump on his competition in this regard. In addition to paid advertising, an ongoing series of educational seminars is held after hours in the closed store. The public relations announcements on these seminars are seen as a public service, and Kay says, "the media—mainly newspapers and radio, but TV responded as well—have been very favorable, and while it's hard to measure the impact of these seminars in dollar sales there definitely has been some impact."

Soft energy sales last fall have caused home centers to monitor their advertising efforts closely, and determine the most effective media. Mark Shuey, executive vice president of M. L. Claster and Sons, says his company, "is reviewing our advertising; we want to be more effective without spending more money. No amount of advertising can make people buy if they don't have the money to spend."

M. L. Claster is in Pennsylvania, a state which has been hard hit by substantial layoffs. Buying plans for the fall are conservative, and budgets for displays, advertising and promotion will also be conservative.

Shuey said, "All the new products coming out made us end up with a substantial amount of wood stoves on our hands." Last fall Claster's concentrated on closing out old heaters, and the chain is now out of the wood stove business.

The irony is that the store dropped kerosene heaters two years ago because of fuel and service problems.

Heater sales near $2B

(Continued from page 23)

cerned, I would like to see better labeling of products, and clearer installation and operation instructions," said James Hoebel, fire and thermal burn hazards program manager for the C.P.S.C., Washington. "This is especially needed with connection pipes, which many times are not properly labeled. We've found instances where consumers are using these pipes as chimneys."

The C.P.S.C. has recently joined forces with the WHA and the National Kerosene Heating Assn. to wage an educational campaign on the two products, stressing increased testing. "There has been little experimental data from testing thus far," Hoebel said.

M. L. Claster's, a 12-unit chain which dropped kerosene heaters a few years ago and is thinking of taking them on again this fall, will take "great pains" to instruct its salespeople on the proper employment of the heaters, said executive vice president Mark Shuey, who added there was about a "50-50" chance the chain would go ahead with its plans.

He also noted that, to give the Bellefonte, Pa.-based Claster's the image of a reputable heater dealer, and to stimulate return sales, the chain is considering selling the fuel as well in 5-gal. quantities.

"There's not much we can do once the customer leaves the store," Shuey said. "But I want to be sure we've done our part to educate the customer on how to use the equipment, and given him the feeling that we know what we're talking about."

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Shoppers blamed for heater fires

NATIONAL REPORT—The market for supplemental home heating units to fight high energy costs continues to glow; combined sales of kerosene heaters and wood-burning stoves hit close to 4 million units and $2 billion in volume last year.

This growth, however, has caused a booming problem: more than 113,000 fires were related to the in-home use of these products in 1980, due mostly to consumer carelessness, according to the Consumer Product Safety Commission and Federal Emergency Management Agency.

Most industry and fire prevention experts concede there is not much retailers can do to keep customers from misusing the heating products. Nevertheless, the growing number of related conflagrations is cause for concern among dealers marketing the items.

Many observers worry that these fire statistics could be aggravated by the burgeoning growth of the kerosene heater and wood-burning stove industries.

Last year alone, kerosene heater imports jumped 100% from 1.6 million to 3.2 million, according to KeroSun, the Kent, Conn., importer with about 33% of the market share. "The use of kerosene heaters has expanded greatly in the last year, but there's no specific data on how many fires have resulted from that growth," observed Henry Tovey, product safety manager for FEMA, which oversees the U.S. Fire Administration.

Wood-burning stove sales also expanded rapidly for three years, up until last year, when unit sales fell to 600,000, 33% below 1980 totals, according to the Wood Heating Alliance, Chicago.

There is general agreement that the structural integrity of both product categories per se has little to do with the dramatic increase in fires related to their use.

A majority of the heating units on the market have gone through rigorous construction testing by Underwriters Laboratories, Northbrook, Ill.; in fact, 26 kerosene heater makers have submitted 133 different products for listing with UL, according to Enno Toomsalu, the testing agency's associate engineer.

As for wood-burning stoves, they have gotten a "bad rap for being unsafe; it's totally unwarranted," stated Byron Holmes, director for R. F. Giesser & Assoc., an East Providence, R.I., testing company. "But the DIY nature of the stoves has definitely contributed to their poor installation and, more significantly, inadequate maintenance."

The most prevalent errors committed by consumers installing the stoves, stated several industry sources, were the circumventing of building codes that require either a permit or professional installation just to save money; running flues through combustible walls; using the wrong chimney connections or relying on an unadapted fireplace chimney as a main vent, and, because of lax maintenance, allowing creosote to build up.

"No product is 'consumer proof,' but none of us has done a very good job at getting across to consumers the absolute importance of putting the flues in correctly," admitted Michael Sciacca, technical director for WHA.

However, even if the 44,000 building codes that govern United States municipalities were uniform across the country, they would still be "unenforceable," according to Martin Henry, an expert for the National Fire Prevention Assn., Quincy, Mass. He pointed to estimates in Massachusetts, which has some of the most stringent codes, showing that 90% of all wood-burning stoves had been installed illegally.

Henry added that professional installation does not always provide complete safety either. In New Orleans recently, three fires were caused by professionally installed wood-

(Continued on page 23)

Fires in one- and two-family homes from heating units

	Total	"Solid fuel" heaters
1980	**147,200**	**77,000**
1979	111,500	48,000
1978	NA	43,000
1977	115,000	40,900

Fires from liquid fuel heaters All dwellings—1980

Total	**9,000**
Portable Units (mostly kerosene heaters)	600
Total residential fires	**758,000**

Fires from solid fuel heating units All dwellings—1980

Chimneys	47,000
Fireplaces	28,300
Fixed Units (mostly wood-burning stoves)	22,500
Stove connectors	8,700
Central furnaces	2,000
Portable units	1,400

The boom in wood-burning stove and kerosene heater sales in the past three years has been accompanied by an alarming increase in residential fires, due in part, to consumer carelessness.

Seven states continue kerosene heater ban

NATIONAL REPORT—A state-by-state survey of laws regulating the sale and use of kerosene heaters revealed that seven states continue to ban their sale for home use: Arizona, California, Indiana, Massachusetts, Oregon, Utah and Washington.

Five of the states (Colorado, Indiana, Oregon, Utah and Washington) have adopted the Uniform Mechanical Code's section 807c, requiring space heaters to be "permanently fixed 8 ft. above the floor with permanent ventilation openings above and below the heater totaling 9 sq. in."

The National Kerosene Heater Assn. has challenged this interpretation of the section, claiming it does not apply to kerosene heaters. Montana, Nevada and Wyoming subscribe to the UMC, but local fire marshals have not interpreted section 807c as banning the sale of the heaters for home use.

Thirteen of the states surveyed subscribe to chapter five of the 80-page National Fire Protection Assn. code #31 which requires that the heaters be "listed" (approved) by a national testing laboratory, usually the Underwriter's Laboratory which has developed safety Subject 647 encompassing kerosene heater safety requirements.

To receive a U.L. listing under Subject 647, a heater must undergo tests for such characteristics as fuel leakage, corrosion, temperature and durability.

The NKHA has devised "model legislation" addressing the legalization of sale and home use of kerosene heaters. The legislation proposed by the group would require heaters to be listed and would also ban "old-style" heaters not approved by a national testing laboratory.

NFPA #31 also addresses general safety precautions, recommending that the heater not be operated near combustibles, not be overturned, have a metal tray underneath the burner to catch kerosene leakage and have a primary safety control to stop the flow of kerosene in event of flame failure.

States which have adopted the basic tenets of the NKHA model legislation include Connecticut, Delaware, Maryland, New York, Ohio and Rhode Island.

Seven states have no statewide regulations concerning the use of the heaters in homes. These include Louisiana, Missouri, New Jersey, North Carolina, North Dakota, South Dakota and Texas.

Even in those states with statewide codes, local ordinances take precedence. For example, the New York State code approves listed heaters with less than 2-gal. capacity, but New York City fire regulations prohibit their use anywhere in the five boroughs.

Other cities banning the use of the heaters in homes, overriding state codes, include Baltimore, Philadelphia, Washington and Wilmington. A 1978 U.S. Fire Administration survey of 148 major cities revealed that 63 prohibited use of the heaters in homes.

According to *The New York Times*, over 700 local municipalities in New York State alone prohibit the home use of the heaters. The U.S.F.A. estimated that there are over 44,000 code-making authorities in the United States.

The following is a state-by-state summary of regulations concerning the sale and use of portable kerosene heaters:

ALABAMA—Subscribes to National Fire Protection Assn. code #31.

ALASKA—NFPA #31.

ARIZONA—Home use prohibited.

ARKANSAS—Heater must be listed.

CALIFORNIA—Sale of unvented heaters for use in dwelling is prohibited. An amendment permitting the sale of the heaters has been passed by the Assembly and awaits Senate action. New law would be subject to approval of state fire marshal who could promulgate overriding local ordinances.

COLORADO—Uniform Mechanical Code.

CONNECTICUT—Heaters must be listed. Sale and use of barometrically fed fuel control space heaters is prohibited.

DELAWARE—Heaters must

(Continued on page 26)

Heater sales near $2B

(Continued from page 22)

burning units that caught fire because their instruction labels weren't removed from the back of the equipment.

Kerosene heaters, on the other hand, pose more complex safety problems. "Unfortunately, there are no firm guidelines to tell you exactly when and where a kerosene heater is safe," stated an October 1981 article in Rodale's *New Shelter*, which did a comprehensive survey on the safety aspects of 16 best-selling kerosene heaters.

It noted a major problem is the difficulty of finding the correct fuel. Oil companies have been reluctant, for legal reasons, to label their kerosene as safe for heater use. Moreover, according to NFPA's Henry, some dealers have been "capitalizing" on the kerosene heater boom by selling consumers grade JP-K fuel (a volatile mixture of kerosene and gasoline) or other highly flammable mixes. (Manufacturers insist that water-clear kerosene be used with a minimum sulfur content of 0.4%.)

Consumers have also been careless about where they place the heaters in their homes at times positioning them near combustible drapes.

Perhaps the most debated concern is the question of in-home pollution and possible suffocation. Unvented kerosene heaters produce carbon monoxide that, some experts contend, is not sufficiently diluted by normal air ventilation in the home, which changes about every 90 minutes. Ironically, the better insulated the house, the less air is circulated, allowing the fumes to linger.

While most manufacturers recommend that a window be left slightly ajar to insure good circulation, critics feel consumers are ignoring this advice in the winter because it reduces the heater's effectiveness.

Walter Tutak, however, questions whether there is a real danger. The director of engineering for KeroSun noted in an article for the November 1981 *Fire Journal* that the peak carbon monoxide concentration from the heaters would be 17 parts per million, one-third the current limit of 50 ppm set by the Occupational Safety and Health Administration.

"As far as the stoves are con-

(Continued on page 31)

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STOCK PRICES

	As of 4/14	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)	28½	48¼	26	6
Diamond Int'l (NYSE)	38½	41¼	26¼	19
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]	12½	26½	11¾	12
Forest City (AMEX)	11¾	20⅛	11¼	—
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]	38¼	54⅛	34⅜	5
Lowe's (NYSE)	14¼	18⅞	10½	16
Payless Cashways (NYSE) (Furrow)	19¾	20¼	15¼	15
Scotty's (NYSE)	19¼	26⅝	15⅛	10
Southwest Forest Industries (NYSE) (Dunlap's, Knox Lumber)	11⅞	26⅞	11⅜	11
Wickes (NYSE) (Wickes Lumber, Builders Emporium)	4	17	3⅞	3

*$ in millions

Over-the-counter stocks

	As of 4/14 Bid	As of 4/14 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber (Mr. Plywood)	8½	9	14¾	7½
Hechinger	16¾	17	23⅛	10¼
Hines Lumber	18	18½	23	15
The Home Depot	16½	17	18¼	7¾
Pay 'N Pak	14½	14¾	18	13⅛
Pay 'n Save (Ernst, Von Tobel's, Yard Birds)	17⅞	18	29½	16½
Scotts Seaboard [Scott's]	1⅛	1½	1⅝	½
Wolohan Lumber	3¼	3½	6⅛	3

FINANCIAL NEWS

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Boise Cascade	3/31-1st qtr.	$713,960	$784,570	– 9	$5,560	$37,460	– 85
Forest City	1/31-4th qtr.	101,906	67,991	50	– 81	188	—
	1/31-Year	340,302	299,093	14	8,578	7,999	7
Lowe's	3/27-4 wks.	67,700	67,500	—	—	—	—
Scotty's	3/27-5 wks.	32,894	34,735	– 5	—	—	—
	3/27-3rd qtr.	77,935	79,017	– 1	4,051	3,149	29

*$ in thousands

Scotty's 3rd qtr. net up 29% over '81

WINTER HAVEN, Fla.—Despite relatively flat sales during its third quarter ended March 27, Scotty's benefited from expense and inventory control measures and increased gross margins to report a 29% hike in net earnings as compared to 1981's third quarter, according to Harold W. Taylor, senior vice president and chief financial officer.

Net income for the period reached $4,051,000, but sales were down about 1% from the same quarter a year ago to $77,935,000.

The third quarter volume figure included $32,893,940 for the five weeks ended March 27, officials said. Sales for the March period were 5% off volume from the five-week period ended March 28, 1981 when sales were 35% higher than the previous year.

The quarter's sales were also helped by the grand opening of Scotty's Port Orange, Fla., unit in February, which produced 6,655 transactions, the largest number for a three-day opening in the chain's history.

Among the factors that helped boost current third quarter profits was a small, 4% year-to-year increase in payroll and benefits expenses, analyst Smith Barney, New York, said. Scotty's has been cutting back its help recently (*NHCN*, Feb. 15).

In addition, the 89-store chain was able to claim a $175,000 LIFO (last-in, first-out) inventory credit after taxes, Taylor said. The LIFO credit helped gross margins advance from 28.9% to 32.6% although they would still have been in excess of 32% without the credit, Smith Barney said.

Another reason for gross margin improvement, the analyst indicated, was the slowing of contractor sales, about a third of business in 1981's third quarter but only slightly more than a fifth of sales in the current third quarter, meaning more DIY sales and better margins.

Net interest expense also decreased significantly on a year-to-year basis from $525,000 last year to only $99,000 in the most recent quarter, according to Smith Barney.

Despite its projections that sales would be off 5%-8% in Scotty's fourth quarter and earnings would be relatively flat compared to 1981's final quarter due to many of the same reasons for the third quarter profits increase, Smith Barney remains bullish on Scotty's stock.

The analyst complimented Scotty's officials for maintaining impressive results "in an admittedly weak environment."

He added, "We believe that the company is well positioned to rebound rapidly as consumer sentiment improves, discretionary purchasing power increases, and building activity picks up during the second half of this year."

Home Depot to offer stock

ATLANTA—The Home Depot has filed a registration statement with the Securities and Exchange Commission to make an offering of 500,000 common shares this month, company officials said.

Proceeds of the sale are scheduled to finance future store expansion and for general corporate purposes.

The offering, along with a 5 for 4 stock dividend which was payable April 30, is subject to shareholder approval of an increase in the eight-unit company's authorized common shares from four million to 10 million. At presstime, nearly all of the company's four million authorized shares were outstanding.

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LUMBER REPORT

Deregulation changes rules

Freight and money crucial to lumber buying

By Phil Chiricotti
Special to NHCN

After 40 years of unprecedented economic expansion, subsidized by debt, financed by negative interest rates during a period of inflating asset values, the time of adjustment has come as we approach extreme illiquidity.

The Fed is adhering to tight monetary policies, while the whole world's need for capital is at an extreme. There is not enough money in the system and the need for cash flow is approaching epidemic proportions. Real interest rates are at a record high due to demand, the lack of money and the risk premium.

Two paths ahead

Adherence to present policies: Depression, massive bankruptcies, debt defaults, continued high interest rates, a sharp drop in the standard of living and internal political turmoil.

Reaganomic bailout: Monetary growth must be adequate and flexible. We must therefore abandon monetarism. The budget must be balanced and it doesn't matter how, but those deficits must be reduced. Adoption of these two principles will cause rates to drop and a recovery in one to two years as we reliquify. But we can only reliquify if rates drop sharply. There will be no recovery without a sharp rate drop.

Forest products in the 80's

Let's assume that there is some type of Reaganomic bailout and a budget compromise. (The eventual compromise should be the most significant factor in your internal forecast.) If so, what lies ahead for you? Resources and capital are being reallocated and the housing industry will probably not see 1.5 million starts for the balance of the decade due to structural problems, declining household formations and the affordability issue. The home of the 80's is going to be smaller and conventional housing is going to become less and less viable. The 80's will witness a sharp shift toward rental units and the factory-built housing segment is going to increase market share dramatically. Some feel that it will account for 50% of the shelter market by 2000. They also feel that the export potential is enormous. This is particularly important to you as a potential supplier.

The distribution of forest products is a basic industry and it is a viable industry, but things are not going to be done like they were before. Distributors will no longer be able to operate as just middlemen. They will have to handle products where their facilities and expertise are unique and needed.

The little guys are going to be bought out and we are probably entering the era of the bigs, but there will always be room for a good businessman regardless of size. Many independents and smaller companies will try to stay competitive by linking themselves to the buying, merchandising and marketing programs offered by the co-ops. There is going to be less business in total, but the pieces will be bigger for the survivors and some have reported sharp increases in market share just during the last 60 days.

Due to deregulation, the industry is truly facing a shortage of traffic expertise. We are trading money and freight more and more. It is therefore important that you make the transformation from being a lumberman to being a businessman. Rail rates are no longer a simplistic topic and the traffic manager cannot escape the transition period. Rates are changing rapidly and they go down as well as up.

Forget the mill price, the big variable in the equation now is freight, and the delivered price is becoming as volatile as the price of lumber. Whether you buy direct or buy from a distributor, make sure you aren't losing business because others are shipping cheaper. Business is going to be tough and competitive in the 80's, but you can increase your piece of the pie with freight advantages and you can improve your cash flow. Deregulation has not only changed the rules, it has changed the game as service to areas that are no longer profitable are dropped. This will force all parties to become thoroughly familiar with trucking. A good traffic man can also handle disputes and he can win settlements. Remember, the 80's are not going to be the years to give anything back and you can no longer rely on the railroads for information. Either you or your supplier must develop this expertise internally.

Inventory control is going to accelerate and the mills are going to end up holding more of the industry's inventory than ever before. This will cause some to try to get closer to the consumer and some distributors are already complaining about mill sales practices.

Credit worthiness will become an increasingly important aspect of product distribution. Participants are becoming aware of problems and more and more are likely to press for term compliance.

The level of consumption is going to vacillate dramatically with interest rates, and housing cycles will be shorter and more volatile than in the past. Volume and credit problems will continue to plague the industry and so will bankruptcies. It is therefore vital that you review your internal credit policies.

Production dislocations, freight rate changes and lopsided geographic consumption could destroy traditional specie relationships. In short, wood preference will continue to change with the economics of the delivered price.

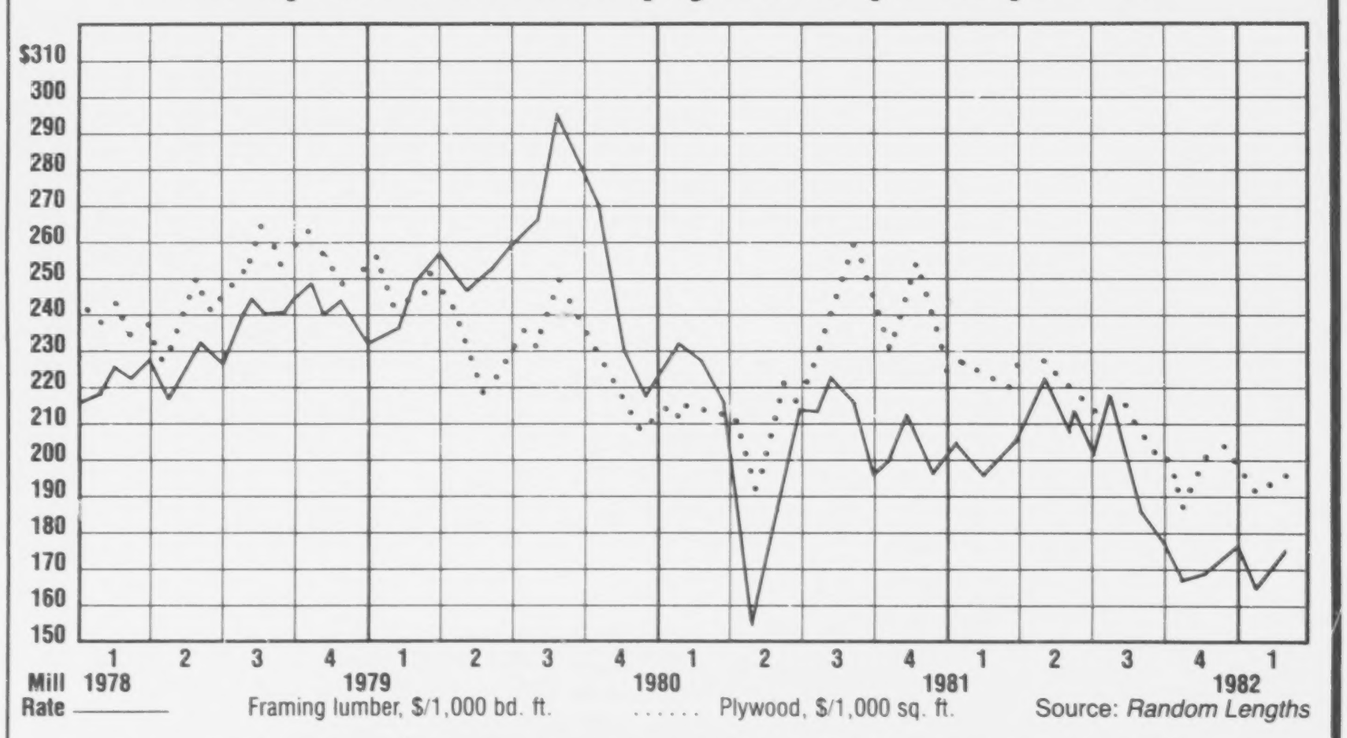
Business activity will not be uniform by area and the attempted shift toward Federalism and a service society will accentuate the trend toward radical shifts.

Everyone is going after the DIY market and like Waferboard, it will reach a point of saturation. That is why it is important for you to get on this factory-built housing thing NOW. The DIY market simply cannot carry the whole industry. The big days of new construction are gone and the pie is going to be redistributed; make sure that you get your piece. As a home center, you can't be all things to all people and you must decide where your expertise is. There is a market for the hardware store and there is a market for the low overhead, cheap price, limited-line operation. Divide up in teams and decide what you want to be. In short, determine where your state-of-the-art merchandising talent lies. You can't be all things to all people. The 80's will require you to diversify and specialize at the same time. The 80's will also force you to become a businessman. You are no longer going to make money in spite of yourselves.

Forget pessimism, bearishness, bullishness and optimism. The only thing that counts is being right.

Phil Chiricotti is the editor of Chiricotti's Lumber and Plywood Forecast, *and is director of forest products for K & S Commodities, Chicago.*

Composite lumber/plywood price profile



With the spring break in the weather, prices, which hovered at break-even levels at winter's end, climbed slowly upward. Framing lumber averaged $174 per 1,000 bd. ft. and plywood averaged $194 per 1,000 sq. ft., based on Random Length's weighted measure of nine framing and seven plywood key items.

FUTURES

Two weeks ended April 16,1982

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
May '82	145.20	135.10	136.80	139.10	2,840	220.30	135.10
July	156.20	146.50	147.30	151.00	2,520	224.50	146.50
Sept.	163.30	154.90	157.10	159.10	899	229.50	154.90
Nov.	164.30	156.60	158.00	160.20	545	224.50	156.60
Jan. '83	171.00	164.00	165.00	166.80	304	205.50	164.00
March	179.50	172.50	173.50	175.90	51	209.80	171.50
May	186.50	179.80	180.40	182.90	73	202.00	179.80

Total Contract Vol. (Through 4/16): 16,013 — **Previous Two Weeks: 14,899**
Total Open Interest (As of 4/15): 7,266 — **Previous Week: 7,166**
Cash Price: $128.30 — **Previous Week: $130.34** — **Year Ago: $162.68**

PLYWOOD (CBT)—76,032 sq. ft. ½-in. ext. 4/5-ply; $ per 1,000 sq. ft.							
May '82	168.60	153.50	155.00	160.90	1,819	241.00	153.50
July	173.70	158.60	160.30	165.80	1,105	219.00	158.60
Sept.	178.00	168.50	164.50	170.30	524	224.50	163.50
Nov.	182.00	167.00	167.80	173.30	260	226.50	167.00
Jan. '83	185.90	169.00	171.30	176.90	98	218.60	169.00
March	191.00	176.50	176.50	181.00	0	196.30	176.50

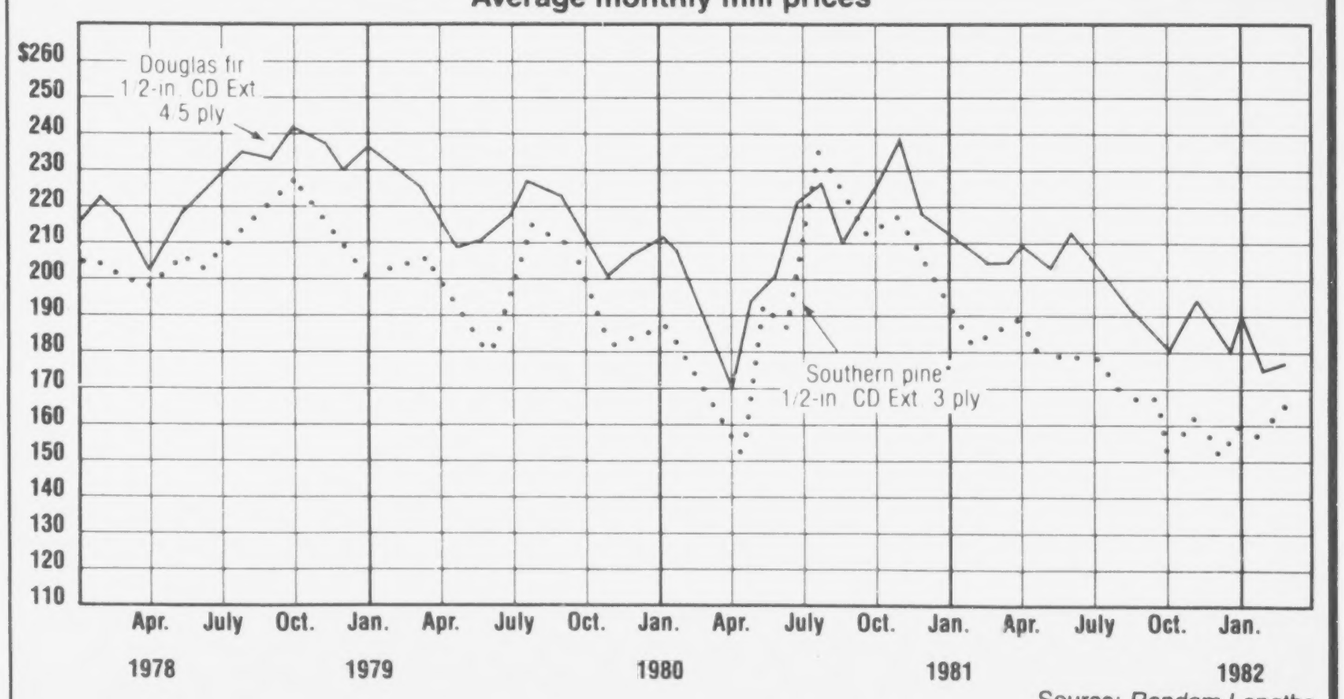
Total Contract Vol. (Through 4/16): 5,000 — **Previous Two Weeks: 4,488**
Total Open Interest (As of 4/15): 3,806 — **Previous Week: 3,782**
Cash Price: $158.76 — **Previous Week: $164.64** — **Year Ago: $203.84**

COMMODITY RESEARCH BUREAU INDEX:	This Week 255.0	Previous Week 256.9	Year Ago 294.3

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, April 15.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

Commodity close-up: Western & Southern Plywood

Average monthly mill prices



Southern pine prices are moving upward, although slowly. The weather has improved. Also, demand remains high in portions of Texas and there has been export activity. Inventory already in the pipeline seems to be moderating price increases, however.

Western prices are not experiencing similar strength. They remain relatively flat, capped partially because of a soft futures market.

Wickes files Chapter XI

(Continued from page 1)

these two subsidiaries—reportedly $3 million a day—into other corporate funds.)

The decisions to stop these sales and to ultimately file Chapter XI were made despite indications that temporary relief from payment of Wickes' $1.198 billion in long- and short-term bank debt was on the way.

The group of 44 banks from which Wickes has borrowed $580 million in revolving credit and $618 million in long-term notes was moving "fairly well" toward approval of postponing the first payment of $70 million which was due April 30 in an effort to keep Wickes out of bankruptcy, said Richard Daniel, senior vp for Security Pacific National Bank.

However, Sigoloff countered that the information his management team had accumulated showed that even debt rescheduling would not be enough to offset Wickes' operational problems. "He indicated that there were more negative things happening than positive," said Daniel.

While Wickes failed to file its annual report and 10-K with the S.E.C. by the April 30 deadline, Wickes officials have acknowledged that losses for the fiscal year ended Jan. 31, are expected to exceed well over $80 million.

Sigoloff has not ruled out the sale of any of Wickes' 30 divisions and subsidiaries in an attempt to raise cash.

The bankruptcy filing came as little surprise to Wickes watchers, in light of Sigoloff's selection of several former-Daylin executives to top Wickes management posts—many of whom aided Sigoloff in taking Daylin through similar bankruptcy proceedings in 1975.

Among them is William Mallory, formerly vp and chief financial officer for Daylin, who now holds the same post at Wickes, replacing James Wilson who resigned shortly after Sigoloff took over. Also aiding Sigoloff is Jeffrey Chanin, the bankruptcy lawyer now serving as senior vp at Wickes, who was formerly president of Handy Dan in 1977-79, when the chain was part of Daylin.

Chanin and Sigoloff have both been named as members of the board, as has Preston Silbaugh, chairman of the Beverly Hills Savings and Loan Assn., and Rita Hauser, a senior partner in the New York law firm Stroock, Stroock & Levan. With the resignation of all 11 Wickes board members, except Elsworth Johnson, six seats on the board remained unfilled at presstime.

The largest question now before Wickes is how quickly its suppliers will resume shipping. Some of Wickes' larger vendors supply $6 million a month to the company's divisions, and have extended substantial lines of credit. Several suppliers contacted by *NHCN* expressed a willingness to support Wickes now that it is attempting to reorganize. Prior to the Chapter XI filing, a rapidly increasing number of suppliers had cut off shipments, or refused to deliver products except on cash-on-delivery terms.

Among major suppliers looking to support Wickes in Georgia-Pacific, the Portland, Ore., forest products supplier. A spokesman said that G-P had been shipping regularly to Wickes, despite its financial problems, and would continue to ship, with the hope that support now would be rewarded later with future business. He added, however, that credit terms would be re-evaluated, based on Wickes' liquidation and reorganization plans, a comment echoed by other suppliers.

Larry Pallitz, president for Commodore Products, Chatsworth, Calif., has instructed his distributors to begin shipping to Wickes again after a two-week stoppage. "Wickes has had a temporary setback, but this filing will make it stronger and in a better position to pay its bills," he said. "I have a lot of confidence in Mr. Sigoloff."

William Adams, executive vp for Armstrong, Lancaster, Pa., noted, however, that his company's people were watching financial developments at Wickes closely before they determine a new shipment policy. He acknowledged that "shipments had been severely limited."

A spokesman for Champion International, Stamford, Conn., said that shipments to Wickes were frozen in early April, noting that the company has been unable to reach Wickes officials since Sigoloff took over.

"Wickes hasn't communicated with us in a month," the spokesman said. "All we know about this [the Chapter XI filing] is what we read in the paper this morning."

Communication will be a vital ingredient to winning vendor support, note many observers. Wickes' Builders Emporium moved quickly on the Monday after the bankruptcy announcement in calling a meeting with its suppliers, but no new information was available at presstime on what changes would be made.

Wickes is largest firm to file under new code

NEW YORK—Wickes last month became the largest company ever to seek protection from creditors under the Bankruptcy Reform Act of 1979.

In an unusual development, two Los Angeles law firms are representing Wickes as co-counsels, probably due to the size of the case.

The firms, with nationally renown bankruptcy practices, are Gendel, Raskoff, Shapiro & Quittner and Stutman, Treister & Glatt. Gendel Raskoff was involved in the reorganization of Daylin, when Wickes chairman Sanford Sigoloff was at the helm of that company.

Both firms were involved in drafting the new bankruptcy code, as was a New York firm representing Security Pacific National Bank, a Wickes creditor. The bank's representative, Wachtell, Lipton Rosen & Katz, also played roles in the Chrysler bailout and W. T. Grant's bankruptcy.

Under the new code, Wickes has 120 days to file a reorganization plan and an additional 60 days for the plan to be accepted. Often with cases of this magnitude, deadlines are extended.

The new code was designed to encourage corporate reorganization rather than liquidation. Additionally, the court is now generally less involved. During the proceedings, a company can prune its assets without the court entering an order, providing the action is acceptable to the creditors.

NHCN/NAHB survey

(Continued from page 1)

Other relatively popular energy-related DIY projects are insulation of water heaters and installation of storm doors and ceiling fans. Again, although 10.9% of those surveyed said they bought ceiling fans, only 5.3% answered that they plan to.

That rate translates into 2.3 million fan customers. The market size for water heater wrap and storm doors is expected to be 2.3 million and 1.7 million customers respectively. Insulation sold for floors and walls and kerosene heaters should individually generate one million or more customers.

Solar products generated the least interest. No respondents have purchased a solar water heater and only 1.5% plan to, while merely 2.6% of those polled have either purchased or plan to buy solar film.

The survey divided respondents into those living in homes built in each of the past four decades and in pre-1940 structures. Overall, there was interest in energy-related projects among all homeowners.

On a product-by-product basis, however, there were differences, with owners of older homes showing more interest in attic insulation.

The *NHCN*-NAHB poll was conducted during the past several months from a random national sampling of single-family homeowners. The typical respondent was a well-paid professional, 35 years of age or older, living with his family in a home valued at more than $50,000 that was built after 1950.

A complete report covering all aspects of home improvement plans, and purchases will be published in the July 5 issue of *NHCN*.

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Merillat®

Kitchen & Bath Cabinetry

Merillat Industries, Inc./2075 West Beecher Road
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DIY solar programs

(Continued from page 1)

A LaBelle projector on the fourth panel, which carries racks of product literature, shows five-minute tapes on subjects including passive solar energy and energy audits. The NRLA also offers a program for holding customer clinics, as well as a comprehensive energy handbook.

The cost for retailer participation averages about $400, according to Pierce.

Generally, the Northeast seems relatively ahead in acceptance of passive solar compared with most other areas of the country. Maine's Hancock Lumber, for example, has been promoting construction of envelope type passive solar houses for the past three years.

Customers interested in having such a home built are referred to a contractor who buys his materials from Hancock. So far, 40 such units have been constructed. Essentially, an envelope home is one constructed with a cavity between the living space and exterior surfaces through which warming or cooling air can circulate.

Two months ago Hancock built a model envelope unit near its Casco, Me., outlet.

"We're getting 100 people through the house every weekend," said Tom Hancock, executive vice president. "While that may not result in traffic in the stores, it can't hurt. And it forms a good impression of Hancock."

The company also built a model sunspace, a greenhouse-like structure with a masonry floor to retain warmth, that can be grafted on to existing homes as a passive solar-heating source.

Other regions of the country, generally in the Snowbelt, have also shown interest in possibilities of passive solar construction. Last June, Kindt, Lomira Wis., built an envelope house at its Greenville, Wis., yard.

"On Saturday Jan. 9, which was reported to be one of the coldest days of the 20th century, over 100 people went through the house," said Richard Dunlap, manager of the Greenville operation.

While the temperature hit −20 degrees, with a wind chill that made it feel like −90, the house remained at about 65 degrees and cost $5.75 to heat over that weekend, $44.21 during the entire month of January, said Dunlap.

The Kindt effort was aimed at steering consumers away from certain other energy-conserving building alternatives such as underground houses.

"Our business is building materials," said Dunlap. "When people go underground, they don't use building materials."

Elsewhere, interest in solar varies. An array of solar-related information is available from Brookhart Building Centers, Colorado Springs.

"We act as a clearinghouse in terms of passing along information from community colleges," said Steve Ballard, a salesman, who is in the process of building his own solar home.

The story is somewhat different at Denver's Hugh M. Woods, which carries no solar paraphernalia, although it converted one of its own units to solar, with $52,000 invested to place panels on the roof.

"We were disappointed in it," said Randy Woods, president. "If it weren't for the tax credit and depreciation it wouldn't be worth it. We only saved $800 to $900 over the past winter.

"A lot of customers wanted to know about it. Manufacturers wanted to get us to sell it," said Woods. "But we specialize in self-service and don't try to provide two-hour sales pitches."

Pergament

(Continued from page 3)

divided between Shop Rite and Pergament. It was a solution impossible for department stores to afford in the Staten Island location.

Both Rickel and Pergament seem confident, however, that Staten Island can support the two giants. Rickel staff was present, however, at Pergament's board-cutting ceremony, and Pergament's executives took a post-luncheon stroll through the Rickel store down the road.

"The actual rebuilding of the old Korvettes location took about two months," estimated Harvey Ellner, vice president, construction. "The store conversion was only part of a larger project which encompasses storefronts and interiors of the entire shopping center," which Ellner expects to be complete in about three months.

Ellner said Pergament's building plan utilized as much salvagable material as possible, such as the terrazzo flooring from the original Korvettes, but the entire project is enormous. According to one source, the refuse carting fee alone was $60,000.

Pergament's plan includes everything from work on the shopping center's independent sewer system, to installing an elevator to convert the floor above the new store to an office building.

Frank Derice, district manager, listed the additional merchandise being sold in the expanded store.

A complete housewares department has been added. The automotive department has been increased from 72 running feet to 133 running feet, and a line of TV aerials has been introduced. Ceramic and mosaic tiles expanded from three sides to five, and floor tiles increased from eight sides to 11.

A bulk effect, using fringed area rugs, has been created on a special platform holding an increased stock of carpeting.

Derice noted that, "This store is larger than any of our others not in square feet, but in capacity."

He explained that Pergament planners are testing a new stock approach utilizing 5-ft. aisles rather than the usual 4-ft. aisles. The magic space comes from removing the end-caps of displays.and increasing stock capacity.

The electrical department has been broadened from two 8-ft. tables holding lamps, to nine 6-ft. tables of lamps.

Heating/cooling photo feature: p. 17

660019464
CONGRESSIONAL INFO INC
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WASHINGTON DC 20014

National
Home Center News ®

Vol. 8, No. 11 The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. May 24, 1982
$7 per year $2 per copy

Sanford C. Sigoloff, Wickes Cos. chairman, president and ceo, is coordinating the financial rescue of the $4 billion retailer from the firm's Los Angeles offices. NHCN photo

Exclusive NHCN interview

Sigoloff: BE will likely remain a part of Wickes

The following interview with Sanford Sigoloff was conducted at the Los Angeles offices of Wickes Cos. by NHCN *West Coast editor Brad Altman.*

He was summoned to Wickes late in March and, after a quick diagnosis, filed for bankruptcy protection on April 24.

NHCN: Why did you choose to file Chapter XI?

SIGOLOFF: When I came to the company I indicated to the shareholders, banks and employees that we would have a parallel path. We would try to negotiate with the bank for an extension of our repayment, for changing the interest rate payment and also to get proceeds from the sale of subsidiaries.

I also said that negotiation was very complex and that the economy could continue to go sour and we might have a problem. But we would do whatever we had to do to preserve the assets. As I learned more and more about the company and as the weight of the lawsuits and certain actions by certain banks and creditors occurred, the decision was made to use the court to protect the residual assets.

NHCN: What were your options?

SIGOLOFF: There were only two: to negotiate and to get the protection of the courts. There were no other options. If you're referring to somebody else coming in and paying all of our debt for us I didn't think that was an option.

NHCN: What lessons are you applying from your experience in successfully taking Daylin through Chapter XI?

SIGOLOFF: Daylin is microcosmically part of what you

(Continued on page 4)

500 units may go by '83 as Wickes Cos. trims sails

Acts to reassure vendors

By Kenneth Schept
NHCN senior editor

CHICAGO—Wickes Cos. will have 12% to 18% fewer stores by the end of this fiscal year, Sanford Sigoloff, president and ceo, told a group of trade creditors here earlier this month. The company operates about 3,000 units.

Wickes Lumber, which thus far has been cut by 11 stores, may lose another 30, he said. The agricultural division will be divested, perhaps this month.

Sigoloff, who spent his first month at Wickes shifting management and visiting and sorting out the various operations of the $4 billion conglomerate, reassured trade creditors that Wickes was in a solid cash position for May with $126 million on hand.

In addition, he said, Wickes was seeking a loan of $100 million to $125 million at ¼% to ½% over the prime rate from several Chicago banks as a reserve for seasonal buying.

"The enormous problem right now is trying to understand what we don't understand," said Sigoloff. "We do not know the core groups that will make money." That information is not likely to come before the end of Wickes' fiscal year, January 1983.

Wickes filed Chapter XI in Los Angeles Federal Bankruptcy Court on April 24, after high interest rates combined with other factors to cripple the company, which has assumed a $563 million debt in its acquisition of Gambles-Skogmo in August 1980.

The May 5 Chicago meeting was attended by 60-70 companies representing about $70 million of Wickes' $230 million trade debt. The meeting, in a ballroom of the O'Hare Hilton, was organized by Black & Decker to unify trade creditors against the possibility that the banks would dominate the bankruptcy proceedings.

The need for unity became clear to the creditors because of their relatively small portion of Wickes' overall $2 billion debt and because of the way the case has been organized.

Four separate creditor committees have been formed by the U.S. Trustee in Los Angeles, where the case is being considered. The committees cover Wickes Corp., Gambles Corp., Wickes Credit and Gambles Credit. Bank representation dominates at least both credit committees.

In addition, most of the debt is unsecured, which essentially puts the banks and the trade creditors on the same footing. The sophistication of the banks and the size of their debt, however, could give them an edge in determining terms of the payback, although the final plan would require trade creditor approval.

The attempt to solidify trade leverage resulted in formation of an 18-member steering committee composed of companies that are owed money by Wickes, Gambles or both.

It remains to be seen whether that group, which is independent from the creditor committees formed by the U.S. Trustee, will be able to speak with one voice. A committee of 12 originally proposed was rejected because some suggested it was weighed in favor of Wickes' creditors over Gambles'.

That position was succinctly stated by Dennis O'Day, a lawyer with Keck, Mahin & Cate, Chicago, which is representing a Gambles' creditor.

"We don't want to see Gambles-Skogmo reorganized by the forest products industry," he said.

(Continued on page 38)

Wickes

Special report see p. 3

Three newcomers cop spots among top 10 TV spenders

NATIONAL REPORT—Despite financial troubles which resulted in its filing for reorganization under Chapter XI, the 340-store Wickes/Builders Emporium combination led all home center chains in television advertising during 1981, with $1,985,000 invested, a 164% increase over 1980's total of $752,000, according to the Television Bureau of Advertising.

Lowe's dropped from the 1980 No. 1 spot to third place, the result of a 31% decline in television advertising to $1,075,000. Channel, the second largest home center television advertiser during 1980, fell to seventh position last year with a total of $578,500, an 18% drop from 1980.

Newcomers to the top 10 list for 1981 included Ole's, in second place with $1,240,000; Hechinger's, which did no television advertising in 1980, in fifth place with $685,900; Sutherland, in sixth place thanks to a 125% boost in TV ad expen-

(Continued on page 39)

1981's top 10 TV advertisers

Chain	Market	Expenditures (in thousands) 1981	1980	% Change
Builders Emporium/ Wickes	Multimarket	$1,985.0	$ 752.0	+ 164
Ole's	Los Angeles	1,240.0	1,119.9	+ 11
Lowe's	Multimarket	1,075.0	1,558.0	− 31
National Lumber	Los Angeles	834.4	615.7	+ 36
Hechinger	Multimarket	685.9	—	—
Sutherland Lumber	Multimarket	664.9	295.6	+ 125
Channel	Multimarket	578.5	705.9	− 18
Plywood Minnesota	Multimarket	572.5	323.2	+ 77
Lumberjack	Sacramento	520.6	675.3	− 23
Pay 'N Pak	Multimarket	494.5	—	—

Source: Television Bureau of Advertising, NHCN chart

Moves into Florida Keys

Scotty's buys seven RBC stores

WINTER HAVEN, Fla.—In a move confirming Scotty's continued interest in a major move into the lucrative south Florida home center market, the 91-store chain has signed a formal purchase agreement with RBC Lumber, acquiring seven home center stores in the Florida Keys.

Located from Key Largo to Key West, the units will operate under the Scotty's name, with all RBC store-level employees transferring to Scotty's "contingent upon meeting company employee standards," according to a Scotty's spokesman.

District manager Peter Reilly and son Robert will "most likely" join Scotty's, according to the spokesman, although seven other headquarters personnel will not.

At presstime details of the agreement were not available, but it was learned that Scotty's will purchase outright the 20,000-sq.-ft. Key Largo unit and lease the other six. The agreement also involves the acquisition of RBC inventory and equipment.

The total cost of the deal was reported to be $3.3 million, ac-

(Continued on page 39)

NEWSBREAKS

DAVIDSON FILES CHAPTER XI. Responding to an attempt by six major creditors to liquidate the company, Davidson Lumber, Miami, has filed a petition of bankruptcy giving the five-unit chain 120 days to file a plan for reorganization. The stores will remain open during this period. At a May 10 meeting, a committee of the 10 largest creditors was formed. Total claim of the 604 unsecured creditors is pegged at $7 million.

HOOSIER STATE EXPANSION. Payless Cashways has added its fourth store in the Indianapolis area by acquiring a Dunlap's Home Improvement Center in Nora, Ind., from Southwest Forest Industries.

Lawn mower mfr. petitions for safety reg. extension

WASHINGTON—Power lawn mower sales may plunge 30% this summer and a number of suppliers and retailers may be forced out of business overnight if pending Federal mower safety standards are put into effect on schedule next month, officials from a major manufacturer warned the Consumer Product Safety Commission.

Those new C.P.S.C. rules will require two special safety features on all walk-behind lawn mowers distributed in the United States: a blade control to stop the blade within three seconds after the operator lets go of the handle, and special housing design requirements to prevent the operator's foot from coming in contact with the blade while the handle is held.

The C.P.S.C. estimated that the implementation of these safety requirements would significantly reduce the 77,000 injuries that occur each year from contact with moving blades of walk-behind power lawn mowers.

Originally, the implementation date was set for December 1981, but under lawn mower industry pressure Congress delayed it until June 30, 1982. Just recently, the June date has been called into question in a petition from Toro, a leading manufacturer.

In requesting a one-year extention of the effective date of the standard, Toro argued that "the imposition of the standard this June, following three years of depressed conditions within the industry, will have a devastating economic impact on lawn mower manufacturers, dealers, distributors and ultimately on the consumers."

The increased cost to consumers would be $203.92 million—an increase of approximately 29%—according to industry estimates.

"As a result of such a sharp increase in the price of lawn mowers that meet the new standards, and perhaps also as a result of consumer wariness of the new gadgetry, more layoffs, more plant closings and more

(Continued on page 37)

The driving force behind Anawalt Lumber's first ever broadcast campaign were the "kids" in the company: (l. to r.) brothers Gary, Dave and Jim Anawalt.

Anawalt 'kids' switch on chain's 1st radio ad blitz

NORTH HOLLYWOOD, Calif.—After 61 years in the lumber and home center business, family-owned Anawalt Lumber is finally testing the broadcast advertising waters with a 10-week radio campaign which broke April 12.

The $32,000 campaign consists of 18 60-second commercials per week over KABC, Los Angeles, an all-talk station which also broadcasts Los Angeles Dodger games. Three different commercials are being broadcast.

Advertising coordinator Gary Anawalt said the campaign is aimed at "countering the low-ball pricing and no-help image" of many home centers. "We're going after the people who are willing to pay a little more for some product knowledge," Anawalt said.

When asked why the company has decided to begin broadcast advertising after more than six decades of print

(Continued on page 39)

Scott's Pasadena, Md., store gave away nine $50 gift certificates during its grand opening. Jim Price (r.), director of advertising, presents the gift.

NHCN photos

Weatherman's voice boosts sales at Scott's opening

PASADENA, Md.—Sales "70% ahead of our expectations for the three-day period," marked the opening of Scott's new store in the Jumper's Junction shopping center here. Bill Allen, the store's manager, explained that Scott's typically has $55,000 in sales during a Thursday-Saturday opening.

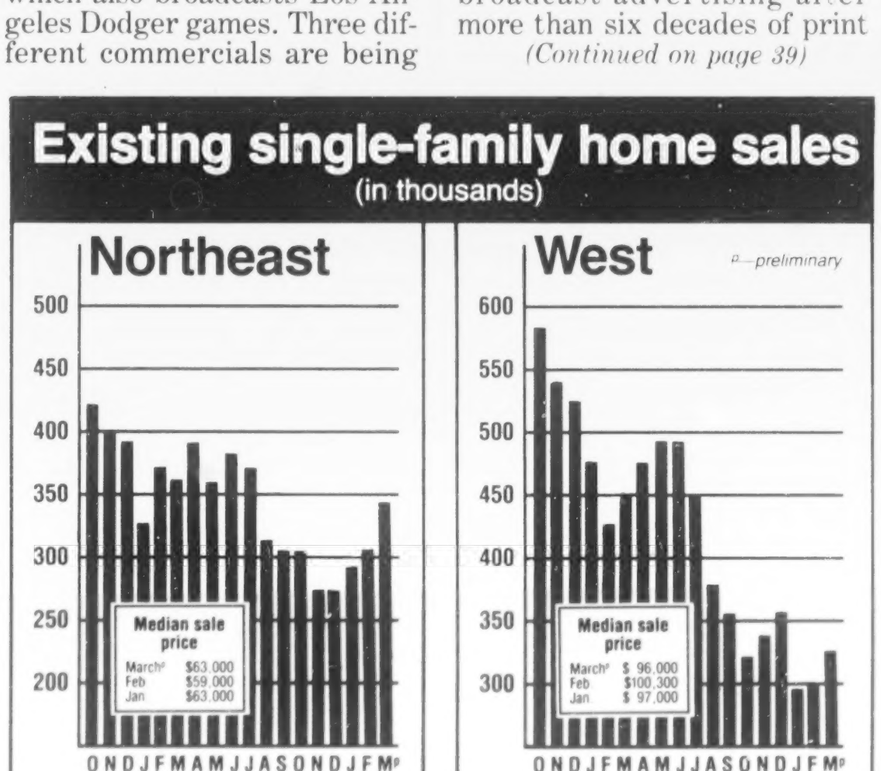
The store, which was to be the chain's 18th, opened just one day before another relatively new location (the Golden Ring store opened August '81) burned to the ground April 23 in Baltimore.

Encouraging sales during the opening were attributed to Scott's intensified advertising efforts. Jim Price, director of advertising, said, "Up until April 1st, we were 100% print."

The new ad budget, tripled from previous openings, included the "Scott's Has" jingle written by Price and featuring Willard Scott as radio spokesman. In addition to radio spots a four-pronged print campaign saturated the area for two weeks prior to the opening.

A four-page tabloid reached 1,400,000 through the Sunday *Baltimore Sun* and *Washington Post*. Five other area papers inserted a four-page circular, and an eight-page circular was direct mailed to 55,000 Pasadena homes. Another direct mail approach was made

(Continued on page 37)



The Northeast and West experienced the nation's strongest home resale activity during March, about 10% above February levels. Still, no area has shown sustained improvement, according to the National Association of Realtors, with national existing home sales for March 23% below last year.

Calif. plastic pipe controversy has little effect on DIY dealers

SACRAMENTO, Calif.—The legal and political controversies that have surrounded the use of plastic pipe to carry drinking water in California haven't funneled down to the home center retail level.

Buyers report that consumers are looking for price when they purchase piping and fittings, and are mostly unaware of the safety debate that has been going on here for almost two years (*NHCN*, Nov. 24, 1980).

California retailers, who sell most of their plastic plumbing for sprinkler systems, don't appear to be too excited about pending legislation that could eliminate the use of plastic plumbing for potable water in residential use.

"It simply has not arisen as an issue," said Tau deMontalvo, plumbing buyer for the four-unit Homeowner's DIY, Gardena, Calif. "When a product is potentially unsafe, either in Los Angeles County or the city, we hear about it immediately from our vendors; that hasn't happened in this case."

Another southern California retailer put the issue into perspective. "You have the plastic manufacturers on one side, the plumbing unions on the other, and they'll battle it out. I can't get too excited over the outcome because it will have relatively little effect on my plastic plumbing sales."

Several other retailers agreed, and noted that consumers were more concerned with plastic plumbing's ease of installation and lower price—compared to copper—in deciding what they bought.

However, most chains have shied away from promoting the plastic plumbing (mostly schedule 40 PVC) for in-home use, for fear of being in violation of codes they were either confused about or not completely aware of.

California follows the 1979 Uniform Plumbing Code set forth by the International Assn. of Plumbing and Mechanical Officials (APMO), Los Angeles. The code allows plastic pipe for drain, waste and vent systems in buildings not over two stories high, and to bring potable water to residential structures. However, it is

(Continued on page 37)

INSIDE

LAWN MOWER manufacturers petition the C.P.S.C. for another extension of upcoming safety standards, p. 2 . . . **SPECIAL REPORT** on Wickes in light of its recent filing for Chapter XI, p. 3 . . . **TAX CUT DAY** may stimulate sales, p. 11 . . . **READERS RESPOND** to changing sales strategies, p. 12 . . . **A PHOTO FEATURE** on heating and cooling merchandise, p. 17 . . . **NEW REGULATIONS** aim toward evening lumber production, p. 35.

The Retail Management Course . . . p. 31

Ad Angles	30	Letter to the Editor	11
Calendar	19	On the Lighter Side	6
Classified Ads	36	New Products	23
Distributors Forum	12	New Stores	6
Editorial	11	People	6
Financial News	35	Price Point Survey	32
Futures	35	Washington View	11

National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Retailers and wholesalers: $7 a year ($8 in Canada); Manufacturers, schools, libraries and all others: $14 a year ($15 in Canada). Foreign subscriptions: Airmail only, $100 per year.

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